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Google Targeted in State Crackdown on Illicit Drug Ads

By Chris Strohm and David McLaughlin July 24, 2014

Google Inc. ([GOOG:US](#)) hasn't done enough to satisfy an investigation by multiple states into whether it adequately screens illegal drug advertisements and illicit online videos, Mississippi's top law enforcement official said.

Now state Attorney General Jim Hood plans to demand additional information from Google to see if the company is profiting from those activities.

"What they tell you in a meeting sounds good but then you can go online and check it out and it's not true," said Hood, who was elected president of the National Association of Attorneys General in June.

The demand shows state and federal governments stepping up enforcement actions against large companies to curb online sales of counterfeit and illegal goods and content, which have grown into an \$18 billion underground industry, according to Javelin Strategy & Research Inc. FedEx Corp. was charged by the U.S. on July 17 for delivering prescription pain pills, sedatives and other controlled substances shipped by illegal Internet pharmacies. In 2011, Google agreed to forfeit \$500 million to settle Justice Department allegations that advertising on its site by Canadian pharmacies led to illegal imports of prescription drugs.

Google said it takes user safety seriously and continually removes illegal ads and content, such as videos exploiting children. The Mountain View, California, company operates the Web's largest search engine, as well as video-sharing website YouTube.

Mississippi plans to issue a civil investigative demand -- similar to a subpoena -- for "documents and e-mails about how they screen or don't screen videos and ads" and "how they place ads beside videos," Hood said.

Rogue Pharmacies

Two dozen attorneys general sent Google a letter in December alleging the company profits off "dangerous and illegal content" and that its services promote illicit and prescription-free drugs. The letter was followed by in-person meetings with company executives in January and February, Hood said.

Florida Attorney General Pam Bondi said in a separate letter to Google in January that the company's search and autocomplete functions make it easy to find illegal drugs, counterfeit goods, and people being trafficked for labor or sex.

"Google can clearly do more to ensure that its services do not steer users toward illegal online content," Bondi wrote. Jennifer Meale, a spokeswoman for the office, declined to comment about the investigation.

Serious Safety

Hood said he believes other state attorneys will join him in the civil investigative demand. New Mexico Attorney General Gary King supports demanding information from Google if the company doesn't voluntarily provide what the states are seeking, spokesman Phil Sisneros said. Other officials who signed the letter wouldn't confirm whether they will join the effort.

A Google spokeswoman, Niki Christoff, described actions the company has taken to block illegal ads and content related to the exploitation of children.

"We take the safety of our users very seriously and we've explained to Attorney General Hood how we enforce policies to combat rogue online pharmacies and counterfeit drugs," Christoff said in an e-mail.

Google removed more than 350 million bad ads in 2013, up from 220 million in 2012, while attempts to market counterfeit goods through its online services decreased by 47 percent in 2012 and 82 percent in 2013, according to company statistics.

The company announced in 2013 that it would provide \$3 million in grants to organizations working around the world to protect children, and \$2 million for developing new technology to tag and delete online images of child exploitation.

Active Issue

The offices for state attorneys in Hawaii, Florida, Colorado, Arkansas, New Mexico, Alaska and Oregon said they continue to probe online practices.

"There have been additional meetings and discussions since the issuance of the letter back in December" and "the issue remains active," David Blake, a deputy attorney general for Colorado Attorney General John Suthers, said in an e-mail.

"Addressing illegal and illicit behavior online continues to be a priority for the Oregon Department of Justice," Kristina Edmunson, spokeswoman for Oregon Attorney General Ellen Rosenblum, said in an e-mail. "We look forward to continuing to work with other states to address this problem, and ensure the safety of all Oregonians online."

Google was aware as early as 2003 that Canadian pharmacies were advertising prescription drugs to Google users in the U.S. through the company's AdWords advertising program, according to the U.S. Attorney's Office in Rhode Island, which led the enforcement effort resulting in the 2011 settlement.

Online Pharmacies

The company was aware U.S. consumers were making online purchases of prescription drugs, and that many of the pharmacies distributed medicines based on an online consultation rather than a valid prescription, according to the U.S. attorney in Rhode Island.

Google was accused in 2012 by Texas Attorney General Greg Abbott of withholding documents in a separate antitrust investigation into the company's practices. Texas sued Google to force the company to turn over the information.

YouTube guidelines "prohibit any content encouraging illegal activities, including videos promoting the sale of illegal goods," said Christoff, the company spokeswoman.

"YouTube's review teams respond to videos flagged for our attention around the clock, removing millions of videos each year that violate our policies," she said.

Google has "stringent advertising guidelines" and works "to prevent ads appearing against any video, channel or page once we determine that the content is not appropriate for our advertising partners," Christoff said.

Block Videos

In June, an Internet-safety group called the Digital Citizens Alliance, accused YouTube of failing to block the videos selling stolen credit card data while profiting from legitimate advertisements that run next to them. Doing a search for how to get valid 2014 credit card numbers yielded almost 16,000 results, according to the group's report.

In one example, a video selling stolen credit card information was posted next to an ad for Target Corp. ([TGT:US](#)), which suffered one of the worst breaches in history in December when hackers stole data for millions of the retailer's customers.

YouTube said at the time that it removes millions of videos each year that violate its policies prohibiting content that encourages illegal activities.

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